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CONDITIONS IN THE WOMEN'S GARMENT INDUSTRY

JANUARY 6, 1982

Economic Background

As 1981 drew to a close, the American economy was in the midst of a severe downturn. Technical definitions of recession and recovery, usually applied considerably after the fact, may indicate that the economy had been undergoing recovery through the year ending July, 1981. A closer look at some critical data, however, suggests that this recovery may have been an aberration in a recession that began early in 1980. At the peak of the so-called recovery, the shortest in more than 60 years, idle manufacturing capacity stood at 20.1 percent and the unemployment rate was 7.0 percent. These two crucial measures were at an unprecedented post-war high for a recovery period, suggesting that the recession is now entering its third year.

In the first quarter of 1981, real gross national product -- the output of goods and services after eliminating price increases -- rose by an impressive 2.1 percent over the prior quarter. Personal consumption expenditures were up 1.4 percent. The largest increase in consumption outlays came in its durable goods component, which grew 5.5 percent, mainly the result of the automotive rebate program. This, in turn, was reflected in the 2.1 percent rise in industrial production. Fixed investment was up 2.6 percent, the largest share of the increase being in non-residential areas. Unemployment dropped slightly, but at 7.3 percent was a full percentage point above the rate in the first quarter of 1980. Consumer prices were up 2.6 percent, considerably below the rate in the first quarter of 1980, but still running at better than 11 percent over the prior year. The prime interest rate declined 4 percentage points from the 21.5 percent peak in the quarter, but was still extremely high in historic terms.

Real GNP in the second quarter was down by 0.4 percent over the prior quarter. Personal consumption expenditures dropped 0.5 percent, overwhelmingly the result of a severe drop in durable goods purchases, in turn a reaction to continuing high interest rates, price increases and general economic uncertainties. Fixed investment was off 2.0 percent, reflecting the sharp abatement in residential construction as mortgage interest rates continued to hover around historic highs. Federal purchases were down, primarily in non-defense areas, as were purchases by state and local governments. Business inventories rose sharply in the quarter as final sales declined. Industrial production was up only slightly and the number of production workers in manufacturing increased after a flat first quarter. Unemployment edged up to 7.4 percent. The rise in consumer prices moderated to 2.3 percent in the

quarter, but prices were still nearly 10 percent above the 1980 level. The prime interest rate, which had moderated to 17.5 percent in the prior quarter, was again in the 20.0-20.5 percent range.

In the third quarter, real GNP rose a modest 0.4 percent and its personal consumption expenditure category 0.8 percent. The largest increase in the latter was in durable goods purchases, once again influenced by automobile rebates as car manufacturers sought to reduce inventories for normal business reasons and in anticipation of new model releases. Fixed investment was down 1.1 percent. The severe drop in residential construction more than wiped out modest gains in plant and equipment outlays. Federal government purchases were up as defense spending rose more rapidly than the decline in non-defense purchases. State and local government purchases continued to decline.

Industrial production rose 0.4 percent. However, it was the third consecutive quarter to show declines in the rate of increase. Manufacturing production was flat. Production workers in manufacturing increased by 75,000, almost half the number in the prior quarter. Unemployment edged down to 7.2 percent. Consumer prices were up 2.9 percent in the quarter and were just shy of 11 percent above those a year earlier. The prime rate dropped minimally to 19.5 percent as the quarter ended.

The modest overall gain registered in the third quarter did not, however, indicate a stronger economy. The small rise in GNP came almost exclusively from the continuing buildup of inventories. The large increase in inventories for the second consecutive quarter meant that goods produced were not being sold and were accumulating. Such a buildup leads to declines in production and to further layoffs until excessive inventories are worked off. As the fourth quarter developed, this indeed proved to be the case.

In the fourth quarter, the downward trend in the economy became pervasive. Weakness in automobiles and housing, which had been accelerating in the last two years, appears to have spread to virtually every major economic category except for government spending. Early performance estimates by the Department of Commerce suggest that the downturn may well be among the steepest for any recent quarter.

Factory operating rates dropped from 78.4 percent in September, to 76.9 percent in October and to 74.9 percent in November. The rate for producers of motor vehicles and auto parts was down to 50 percent of capacity. Housing starts in November picked up very slightly from the 15-year low reached in October, but remained 44 percent below the rate in November 1980. Building permits, which indicate future construction, were 47 percent under the year-earlier rate. The year 1981 may turn out to be the worst year on record in housing construction.

Industrial production as a whole declined in November for the fourth consecutive month, falling 2.1 percent below October. This followed a decline of 1.4 percent in October. Production of consumer durables was down by a huge 6.0 percent in November after a 2.6 percent drop in October. Consumer non-durable production decreased 0.4 percent in November, following a like increase in October. Indicative of the spreading economic downturn was the lower production of materials used in making clothes. This non-durable category dropped 2.0 percent in November, the second successive month of decline, after having held up through September. New factory orders were off 5.2 percent in October, the latest month for which data are available. It was the third consecutive month of such declines. New orders for durable goods were off 9.8 percent, while those for non-durables dropped 1.2 percent. A 1.1 percent increase in durable goods orders in November did not compensate for the sharp drops in the two prior months.

Personal income rose a modest 0.6 percent in November as salary increases in services offset declines in manufacturing payrolls. As the severity of the downturn grew, consumer credit rose only $1 billion in October, reflecting an increase of 3.5 percent, compared with a 10.5 percent rise in each of the two previous months. The prime rate dropped to 15.75 percent, but mortgage interest rates were hovering around 18 percent for a standard mortgage in November. Unemployment rose to 8.4 percent in November, the highest level in six years. In the same month consumer prices were up by only 0.3 percent, as energy and food price increases continued to ease. Consumer prices were still, however, 9.6 percent above the levels a year earlier.

Retail Sales

As in 1980, retail performance in 1981 again left much to be desired. Any gains resulted mainly from higher prices rather than reflecting real growth. Total retail sales moved ahead in the first eleven months of 1981 by 9.7 percent over the same months last year. Following an extremely poor 1980, durable goods sales were ahead 11.0 percent, while non-durable goods were 9.1 percent ahead. However, when account is taken of intervening price changes, sales were almost flat. Total real sales showed a growth of only 1.1 percent in the eleven months -- durables rising 2.6 percent and non-durables only 0.2 percent over last year.

These figures are, however, overstated because of the growth in the use of rebates to stimulate business, particularly in the case of durables. The Census Bureau,

RETAIL SALES OF WOMEN'S AND CHILDREN'S CLOTHING AND ACCESSORIES* BY TYPE OF OUTLET

(in millions of dollars)

Period	Total Sales	Department Stores	Women's Ready-to-wear Stores	Family Clothing Stores	Other Retail Outlets
1966	$18,112	$ 7,763	$ 5,831	$ 1,308	$ 3,210
1972	25,021	11,112	8,082	2,064	3,763
1973	27,972	12,308	9,336	2,502	3,826
1974	29,617	12,761	9,910	2,735	4,211
1975	31,683	13,451	10,926	2,933	4,373
1976	34,298	14,670	11,840	3,207	4,581
1977	36,527	16,251	11,925	3,472	4,879
1978	40,426	17,872	13,775	3,550	5,229
1979	43,342	19,597	14,398	3,730	5,617
1980	45,974	20,852	15,056	4,138	5,928
Jan-Nov'80	39,121	17,583	12,983	3,510	5,045
Jan-Nov'81	42,685	19,275	14,267	3,778	5,365

* Data include traditional products of the women's garment industry as well as millinery, furs, hosiery, gloves and other accessories

SOURCE: ILGWU Research Department (benchmarked to 1967, 1972 and 1977 Census of Business)

which gathers retail sales data each month, collects information only on gross sales and makes no allowance for rebates, thereby overstating the amounts consumers have actually paid out. In contrast, the Bureau of Labor Statistics, which compiles the data on prices paid by consumers, considers rebates a reduction in price and shows a lower inflation rate than that built into the sales data. Were there a correction made for this difference in approach, actual as well as real sales of durables would be significantly lower than the official figures indicate and overall sales would consequently be less favorable.

As 1981 came to a close, retail activity began to pall. Total sales in current dollars showed smaller increases in October and November than in most earlier months. Real sales actually declined in both months. Clearly, the much vaunted spending wave that was to come on the heels of the tax cuts has not materialized. Instead, the growing economic downturn, which has been accompanied by increased unemployment, made itself felt. While some moderation in the extremely high interest rates took place toward year's end, it was not sufficient to revive sales of automobiles and other large-ticket items normally sold on credit.

Sales of women's and children's apparel and accessories, on the other hand, were ahead throughout 1981. Preliminary data for the first eleven months of the year show a 9.1 percent improvement over last year in current dollars. With retail prices held to an increase of 2.0 percent, there was a real growth of 7.0 percent in sales of women's and children's wear.

A number of factors account for the increase in sales of women's and children's apparel. With interest rates and other zooming costs continuing to cut into purchases of homes and automobiles, more discretionary funds were available to be spent on clothing and other less costly items. The continued increase in the number of working women and their greater role in professional, executive and administrative positions also kept up demand for career oriented apparel. Many retailers have been trading up, discontinuing cheaper lines and adding more expensive ones to capture the spending of upper bracket America, less affected as it is by inflation and the recession.

Some of the sales improvements also resulted from more aggressive merchandising. Promotions came earlier than usual and cuts were deeper. Advertising campaigns were stepped up. Price slashes in designer lines helped move quality goods being sought by value-conscious consumers. In addition, fashion developments were also encouraging to sales. Fall lines were festive and elegant. Billowing shapes in a wide variety of lengths attracted shoppers' interest. Basic, classic styles took a back seat to sweeping skirts, knickers and dressy blouses.

During 1981, women's ready to wear stores led the various outlets selling feminine apparel, with department stores a close second. Family clothing stores and other outlets turned in a lesser showing. As has too often been the case, the improvements at the retail scene, however, were not translated into heightened activity for most domestic producers. Retailers continued to rely more and more on imported goods in an effort to boost markups and profits.

Production of Women's and Children's Wear

Although retail sales of women's and children's wear were up in 1981, little of this gain was shared with the nation's garment manufacturers. Merchants drew on foreign

UNIT PRODUCTION OF SELECTED WOMEN'S AND MISSES' GARMENTS AND PHYSICAL VOLUME OF OUTPUT, WOMEN'S AND CHILDREN'S APPAREL INDUSTRY

(in millions)

Period	UNIT PRODUCTION						Physical Volume of Output#
	Coats	Suits@	Dresses	Blouses	Skirts	Sweaters*	
1966	27.7	11.6	321.3	223.2	131.1	147.0	$9,051
1972	25.2	24.6	289.4	215.3	66.2	130.8	$9,222
1973	24.6	25.0	275.5	236.5	64.7	151.3	$8,684
1974	22.4	28.1	236.9	245.2	57.9	148.3	$8,363
1975	23.2	32.5	222.7	277.8	63.7	134.8	$8,335
1976	22.2	32.5	213.5	296.2	64.9	127.2	$8,451
1977	20.1	32.2	228.3	335.6	68.8	127.5	$8,641
1978	20.1	28.3	224.3	347.0	73.5	117.3	$8,417
1979	18.4	22.3	200.7	338.1	67.2	101.4	$8,014
1980	20.4	18.6	199.1	348.6	79.7	117.5	$7,870
Jan-Oct'80	17.4	16.3	176.6	295.0	64.7	98.7	$6,657
Jan-Oct'81	16.3	11.9	132.6	322.4	86.5	87.7	$6,715

@ Suits including pant-suits
* Sweaters for women and men
\# Physical volume of output of women's and children's apparel industry expressed in 1967 value
SOURCE: U.S. Bureau of the Census and ILGWU Research Department (benchmarked to 1963, 1967 and 1972 Census of Manufactures)

resources for more and more of their needs and activity in the industry's plants was virtually the same as in 1980. In the first ten months of 1981, the physical volume of output increased only 0.2 percent. Current indications are that output was actually down in November and December.

The Census Bureau collects and disseminates monthly production statistics for only a handful of women's wear items. Compared with a year back, suit production in the first ten months of 1981 was down 27.0 percent, largely the result of the continued decline in the output of pantsuits. Dress output was off by 24.9 percent. Coat production, in a reversal of its 1980 gain, was down by 6.3 percent. Women's sweaters were down by 18.0 percent, while those for men were barely ahead by 0.3 percent. Total output of men's and women's sweaters was off by 11.1 percent. The best showing this year was in women's skirts, which were ahead for the 10 months by 33.7 percent and in blouses, which were ahead 9.3 percent. The popularity of dressier separates helped boost output of both blouses and skirts.

Information on 1981 production of items not covered by the monthly Census Bureau reports remains sketchy. However, those data show that output of a number of sportswear items held up or were ahead, including vests, jackets and pants. Activity in children's wear picked up somewhat in the latter part of the year, while intimate apparel output remained sluggish.

IMPORTS

While domestic production remained relatively flat, imports of women's and children's apparel made of cotton, wool and man-made fibers (measured in terms of square yards of material used in their manufacture) rose 8.6 percent in the first 10 months of 1981 compared with a year ago. This followed on the heels of a 12.0 percent rise in the year 1980. In good times or bad, retailers clearly extend their reliance on foreign made goods in their continued search for higher markups and profits.

A major phenomenon in 1981 was the pronounced shift from knit apparel to that made of woven materials. Through October, knit imports were down 4.2 percent, while wovens were up 23.4 percent. This pattern emerged in all three major textile fibers. In cotton garments, total imports were 14.9 percent ahead, with knits down 12.0 percent and wovens up 23.1 percent. Overall imports of wool apparel declined by 0.3 percent, a 6.9 percent drop in knits more than offsetting the 19.9 percent gain in wovens. Total imports of man-made fiber apparel were up 5.9 percent, with knits down by 2.7 percent and wovens ahead by 24.0 percent. The average unit value of women's and children's wear imports rose 11.0 percent in this period; this led to a 20.5 percent advance in overall value.

An analysis of imports of specific garments reveals that heightened shipments took place on a broad front in the first 10 months of 1981. Of 22 key product lines, imports were ahead in 16 cases. Gains ranging from 38 to 113 percent took place in dressing gowns and robes, skirts, nightwear, suits and bodywear. Imports of blouses, girdles and corsets, dresses, underwear and coats advanced between 10 and 25 percent. Gains under 10 percent were registered by coveralls, raincoats, brassieres, infants' sets, playsuits and slacks and shorts. Among the imports on the down side were sweaters and knit shirts, off by about 2 percent each, and judo and karate suits, tops and vests, swimwear and culottes.

Apparel imports would have grown more rapidly and job erosion would have been more severe if not for the Multifiber Textile Arrangement (MFA), the negotiated bilateral agreements and unilateral actions taken by the United States pursuant to MFA provisions. Even with the MFA in place, however, its shortcomings became apparent as imports increased at a rate that outstripped United States production and consumption. With the MFA scheduled to expire on December 31, 1981, labor and industry urged the Administration and the Congress to keep necessary tightening in mind in negotiating the renewal of the Arrangement.

The negotiations that led to extension of the MFA were arduous and complex. Preliminary discussions were held in Geneva in May, July and September of 1981. The final session started November 18 and was not completed until December 22. Discussions were complicated by attempts of some exporting nations to emasculate the Arrangement, as well as by long delays while the European Common Market worked out its policies.

IMPORTS OF SELECTED WOMEN'S AND CHILDREN'S GARMENTS

(in thousands of units)

Product	Year 1975	Year 1976	Year 1977	Year 1978	Year 1979	Year 1980	Jan-Oct 1980	Jan-Oct 1981
Coats & jackets, cotton	3,990	6,676	7,586	8,656	8,392	14,580	12,643	17,876
" " " wool	609	817	1,335	2,294	1,936	2,259	2,120	2,137
" " " synthetic	13,567	19,534	23,760	25,746	22,274	26,017	21,859	25,265
TOTAL	18,166	27,027	32,681	36,696	32,602	42,857	36,623	45,277
Suits, wool	766	580	547	414	445	344	319	618
" synthetic	3,580	3,216	2,826	3,085	1,725	1,370	1,002	1,499
TOTAL	4,346	3,796	3,373	3,499	2,169	1,715	1,321	2,117
Dresses, cotton	4,927	6,412	5,854	6,534	4,832	8,413	7,219	8,212
" wool	669	586	761	635	496	1,013	932	986
" synthetic	13,605	12,276	10,194	12,840	11,860	13,884	11,569	13,376
" silk (non-ornamented)	54	91	230	463	990	1,143	926	1,362
TOTAL	19,255	19,365	17,039	20,472	18,178	24,453	20,647	23,936
Blouses, cotton	43,186	59,602	64,750	107,284	126,743	107,475	93,369	103,453
" wool	523	1,987	7,712	7,631	6,450	6,603	5,541	7,068
" synthetic	73,246	80,774	75,395	90,246	89,169	93,214	78,326	84,697
" silk (non-ornamented)	240	624	1,732	3,543	3,806	3,668	2,926	4,284
TOTAL	117,195	142,987	147,589	208,705	226,168	210,960	181,162	199,503
Knit shirts (a), cotton	37,650	60,632	63,743	66,294	58,774	51,421	44,388	37,855
" " synthetic	156,761	159,342	157,434	156,507	123,630	116,788	99,938	103,604
TOTAL	194,411	219,974	221,177	222,801	182,404	168,209	144,326	141,459
Sweaters (b), cotton	5,453	5,025	2,905	4,086	5,485	6,115	5,123	3,780
" wool	11,814	21,826	30,133	22,825	19,910	30,659	26,975	24,754
" synthetic	110,695	114,946	109,461	113,583	94,846	112,384	104,604	104,228
TOTAL	127,965	141,824	142,609	141,053	120,747	149,879	137,146	134,576
Skirts, cotton	3,052	6,065	5,109	7,275	8,469	9,955	8,737	12,462
" wool	543	613	902	1,488	1,626	1,298	1,183	1,191
" synthetic	2,503	2,678	1,840	3,633	4,040	3,522	2,974	4,941
TOTAL	6,098	9,356	7,851	12,397	14,135	14,774	12,894	18,595
Slacks & shorts, cotton	46,353	59,513	77,314	94,794	86,368	97,843	87,394	91,682
" " " wool	600	667	777	1,173	745	959	901	1,140
" " " synthetic	73,515	72,242	61,276	75,992	66,431	68,584	56,504	63,747
TOTAL (c)	120,474	132,481	139,505	172,322	153,869	168,035	145,262	157,353
Playsuits, cotton	6,719	9,755	11,981	11,659	12,292	18,114	14,575	16,630
" synthetic	7,705	8,403	8,554	9,206	7,839	8,382	6,490	5,978
TOTAL	14,424	18,158	20,535	20,865	20,132	26,496	21,065	22,607
Raincoats (b), cotton	1,738	2,387	2,465	3,888	4,029	2,331	1,889	1,675
" synthetic	3,623	6,130	4,764	6,030	5,542	4,365	3,632	4,037
TOTAL	5,361	8,517	7,229	9,918	9,572	6,696	5,522	5,712
Dressing gowns & robes, cotton	686	1,404	1,900	1,838	1,005	1,814	1,357	1,917
" " " " wool	3	2	10	18	5	82	81	7
" " " " synthetic	659	851	936	1,302	1,695	1,555	1,255	1,803
TOTAL (c)	1,352	2,265	2,856	3,172	2,712	3,469	2,708	3,747
Nightwear & pajamas, cotton	3,343	4,787	6,368	7,172	6,369	6,652	5,796	9,468
" " " synthetic	1,155	1,682	1,519	2,140	1,848	1,873	1,500	2,058
TOTAL (c)	4,498	6,472	7,889	9,313	8,221	8,534	7,302	11,536
Underwear, cotton	2,011	3,917	6,731	12,627	15,971	19,177	16,471	21,294
" wool	109	85	152	257	204	266	199	161
" synthetic	15,181	18,306	22,680	22,584	23,490	33,960	28,654	33,622
TOTAL (c)	17,400	22,330	29,642	35,728	39,739	53,466	45,366	55,205
Brassieres, cotton	5,737	7,840	4,407	2,278	2,223	1,619	1,466	919
" synthetic	77,310	97,175	109,678	126,091	131,508	142,529	119,134	124,644
TOTAL	83,047	105,015	114,085	128,369	133,731	144,148	120,630	125,563
Girdles & corsets, cotton	5	59	45	4	14	5	3	36
" " " synthetic	1,592	2,708	3,185	4,333	5,041	6,830	5,658	6,471
TOTAL	1,597	2,767	3,230	4,337	5,055	6,835	5,661	6,507
Infants' sets (d), cotton & synthetic	N.A.	N.A.	28,205	31,798	31,761	35,947	29,067	30,297
Swimwear, synthetic	5,827	9,362	9,877	14,025	13,865	11,379	9,685	5,881
Tops & vests, cotton & synthetic	20,107	22,000	10,441	11,730	13,346	17,399	15,539	13,887
Body suits & shirts, synthetic	2,549	1,578	1,063	3,577	3,109	730	662	1,408
Coveralls (e), synthetic	595	1,098	1,237	1,275	746	737	660	679
Culottes, synthetic	103	129	49	30	12	68	33	10
Judo/karate suits, cotton & synthetic	N.A.	93	75	128	96	184	159	151

(a) Excludes knit tops
(b) Men's, women's and children's
(c) Includes garments of silk and other fibers not shown separately
(d) Up to and including 2 years of age
(e) Includes overalls and jumpsuits

SOURCE: U. S. Bureau of the Census (imports for consumption)

N.A. -- Not available

The Arrangement was finally extended for four years and 7 months, from January 1, 1982 through July 1986. While the terms fell short of the position of American labor and industry, there was some progress. The protocol of extension recognized that a decline in the rate of growth in per capita consumption of apparel and textile products may lead to a recurrence or exacerbation of market disruption. It emphasized the need to find solutions through bilateral negotiations with large exporting countries, recognizing that lower growth rates for a particular product from a particular source could be used with appropriate terms for swing, carry-over and carry forward flexibility. The protocol also noted the need to avoid harm to employment and production in the importing countries by surges that occur when quotas remain unfilled in a given year, only to be followed by excessive growth thereafter. The protocol also recognized the need for improved controls to prevent circumvention of agreement provisions.

Much still remains to be done. The acid test of the MFA extension will be the terms achieved in the various bilateral negotiations under the provisions of the renewed Multifiber Arrangement. This will determine the degree to which apparel and textile imports are kept down and domestic jobs preserved.

Employment, Manhours and Payrolls

Developments in employment and manhours remained unsatisfactory throughout most of 1981. For the industry as a whole, the number of production workers declined 0.8 percent in the first 10 months of the year as compared with the same 1980 period. The reduced number of shops remaining in business worked an average of 0.6 percent more hours per week, but with lower employment and fewer work weeks total manhours were off by 0.4 percent. Because of the continued rise in weekly earnings, payrolls in the industry were 8.8 percent ahead. The ongoing setbacks to activity in our industry brought employment to its lowest levels in over 20 years.

Performance varied among the different branches of the trade. Employment declined 0.2 percent in underwear and nightwear and 0.9 percent in children's outerwear. Coat, suit and skirt employment was down by 4.5 percent while in dresses the drop was 5.1 percent. In contrast, employment in knit outerwear mills was up 2.7 percent in the first 10 months of 1981, while in other outerwear shops, which produce slacks, shorts, beachwear, skiwear and service apparel and similar garments, the number of workers increased 2.6 percent. Employment advanced 1.4 percent in corsets and brassieres, 0.7 percent in knit outerwear and 0.2 percent in blouses. In several branches where employment was up in the first 10 months of 1981 -- blouse, knit outerwear and knit underwear -- overall activity neverthless slipped as the result of shorter schedules and fewer manhours were worked than in the same period of 1980.

The official statistics on employment started showing a slight improvement in overall employment beginning with July. It appears, however, that this may have been either a minor aberration in the downward trend or a statistical error. In any event, the "growth" was shortlived. Preliminary indications are that the pattern reversed itself and that revised October and preliminary November data will once again be headed downward. Recession is clearly making itself felt.

EMPLOYMENT, MANHOURS AND PAYROLLS, WOMEN'S AND CHILDREN'S GARMENT INDUSTRY

AVERAGE EMPLOYMENT OF PRODUCTION WORKERS

Period	Coat, Suit, Skirt	Dress	Blouse	Knit Outerwear*	Children's Outerwear	Other Outerwear	Corset, Brassiere	Underwear Nightwear	Knit Underwear*
1966	79,700	178,800	49,300	63,800	71,900	69,600	36,800	74,500	30,600
1972	63,800	177,200	41,300	66,700	64,900	91,600	26,400	75,400	30,600
1973	64,500	183,700	45,900	70,200	68,900	102,000	24,700	72,800	28,700
1974	61,300	166,300	45,500	67,100	63,200	103,500	22,700	67,000	29,400
1975	56,800	149,800	45,600	57,300	56,600	100,000	19,600	61,100	28,800
1976	61,000	151,100	48,400	60,500	60,200	112,600	19,300	64,900	31,400
1977	56,700	144,300	49,600	64,700	59,000	118,600	16,600	64,600	29,100
1978	55,500	145,000	53,600	67,100	59,100	124,600	16,100	63,900	29,000
1979	55,900	138,700	55,800	60,400	56,800	124,600	14,900	63,100	27,600
1980	57,300	127,900	53,800	59,500	55,400	120,600	13,800	61,800	26,900
Jan-Oct'80	57,600	129,100	53,800	59,400	55,800	121,100	13,800	62,000	26,900
Jan-Oct'81	55,000	122,500	53,900	61,000	55,300	124,200	14,000	61,900	27,100

MANHOURS OF PRODUCTION WORKERS (in millions)

Period	Coat, Suit, Skirt	Dress	Blouse	Knit Outerwear*	Children's Outerwear	Other Outerwear	Corset, Brassiere	Underwear Nightwear	Knit Underwear*
1966	136.0	302.3	85.3	121.3	131.4	129.6	68.0	139.6	60.4
1972	108.1	297.1	72.2	129.2	117.3	164.3	47.9	138.2	58.5
1973	109.7	307.6	80.0	134.6	123.1	182.6	44.6	132.3	54.6
1974	103.1	263.7	77.2	126.7	111.7	182.9	40.1	119.5	54.6
1975	95.4	242.3	79.3	106.3	101.3	178.7	34.9	107.6	54.4
1976	104.1	251.4	84.3	115.0	109.5	199.4	35.7	118.9	59.8
1977	94.4	237.6	84.7	122.6	105.4	207.9	30.1	117.5	55.1
1978	93.1	237.5	92.6	124.8	106.6	218.8	29.4	113.7	54.6
1979	93.1	220.5	95.3	113.0	102.5	216.2	26.4	113.5	50.0
1980	97.5	202.5	92.1	114.4	100.1	209.5	23.9	112.8	49.8
Jan-Oct'80	82.5	172.9	77.8	96.2	84.6	176.8	20.1	95.3	41.7
Jan-Oct'81	78.3	169.4	77.2	96.0	83.8	182.6	21.0	94.9	41.2

PAYROLLS OF PRODUCTION WORKERS (in millions of dollars)

Period	Coat, Suit, Skirt	Dress	Blouse	Knit Outerwear*	Children's Outerwear	Other Outerwear	Corset, Brassiere	Underwear Nightwear	Knit Underwear*
1966	$334.1	$644.6	$152.2	$240.8	$228.8	$225.4	$126.2	$229.0	$104.8
1972	325.2	830.7	178.1	352.0	283.9	402.9	120.6	312.9	143.0
1973	347.1	906.5	209.6	389.0	314.3	481.7	120.1	321.9	144.5
1974	349.5	843.9	220.7	397.1	305.8	526.5	116.8	314.7	155.3
1975	342.3	801.4	240.4	356.4	297.4	545.1	109.8	303.0	163.1
1976	390.3	887.8	272.9	408.4	317.8	657.6	120.6	359.4	193.5
1977	377.1	887.5	292.2	456.3	346.3	726.3	107.6	376.4	191.2
1978	391.3	953.0	340.0	491.9	377.8	830.1	112.3	398.9	204.2
1979	420.6	955.4	377.4	482.8	393.8	886.8	109.0	430.4	204.2
1980	492.8	952.5	396.6	536.6	420.2	931.9	105.5	461.9	227.5
Jan-Oct'80	414.3	808.2	333.0	449.0	353.2	782.8	87.8	388.3	189.9
Jan-Oct'81	429.7	847.0	358.2	482.2	380.0	868.5	99.5	421.9	202.5

* Men's and women's garments
SOURCE: U.S. Bureau of Labor Statistics and ILGWU Research Department estimates

Hourly Earnings

Most of the major ILGWU agreements covering producers of women's and children's outerwear were renewed in June 1979 and will be expiring at the end of May. The wage increases provided by these agreements and the cost of living adjustments of this past March have all been put into effect and are reflected in the hourly earnings in the various branches of our industry. Of course, the data, compiled by the Bureau of Labor Statistics, encompass non-union establishments as well as those that are organized. For this and other reasons, published hourly earnings may show increases that are smaller than those negotiated under ILGWU agreements.

For example, between October 1978, prior to the last major round of negotiations and October 1981, the latest data currently available, hourly earnings in the different branches of our industry have risen between 25 and 33 percent, depending on branch of industry. The largest increase in this three-year span took place in the coat, suit and skirt industry, where earnings were up $1.39. Hourly earnings gained $1.28 in knitted underwear and $1.18 in knitted outerwear. Between October 1978 and October 1981, earnings advanced $1.08 an hour in children's outerwear, $1.07 in corsets and brassieres, $1.06 in dresses and $1.00 in blouses. Hourly earnings advanced least -- 97 cents an hour -- in other outerwear, which

AVERAGE HOURLY EARNINGS, WOMEN'S GARMENT AND OTHER SELECTED INDUSTRIES

Industry	Oct. 1961	Oct. 1971	Oct. 1976	Oct. 1977	Oct. 1978	Oct. 1979	Oct. 1980	Oct. 1981
WOMEN'S GARMENTS								
Coats, suits, skirts	$2.35	$3.17	$3.90	$4.12	$4.26	$4.65	$5.27	$5.65
Dresses	1.94	2.74	3.62	3.84	4.10	4.43	4.89	5.16
Blouses	1.57	2.36	3.28	3.49	3.71	4.06	4.41	4.71
Knitted outerwear*	1.70	2.59	3.62	3.79	4.00	4.40	4.76	5.18
Children's outerwear	1.53	2.32	3.13	3.33	3.57	3.89	4.30	4.65
Other outerwear	1.57	2.35	3.35	3.57	3.85	4.20	4.54	4.82
Corsets, brassieres	1.63	2.46	3.43	3.56	3.84	4.23	4.46	4.91
Underwear, nightwear	1.46	2.25	3.09	3.28	3.56	3.86	4.16	4.53
Knitted underwear*	1.50	2.32	3.32	3.57	3.75	4.17	4.63	5.03
MEN'S CLOTHING								
Suits, coats	1.96	3.11	4.22	4.49	4.91	5.26	5.43	5.86
Shirts, nightwear	1.39	2.16	3.07	3.20	3.51	3.84	4.20	4.54
Separate trousers	1.42	2.16	3.23	3.45	3.74	4.11	4.42	4.72
Work clothing	1.37	2.07	3.05	3.21	3.53	3.81	4.18	4.52
ALL MANUFACTURING	2.34	3.60	5.32	5.82	6.33	6.82	7.49	8.14
NON-DURABLE GOODS	2.13	3.30	4.83	5.21	5.65	6.15	6.74	7.34
DURABLE GOODS	2.50	3.83	5.67	6.22	6.77	7.25	8.01	8.69
Automobiles	2.88	4.70	7.09	8.13	8.86	9.15	10.40	11.15
Primary metal industries	2.96	4.35	6.87	7.66	8.42	9.11	10.10	10.99
Printing, publishing	2.76	4.27	5.83	6.25	6.63	7.10	7.74	8.43
Rubber and plastic products	2.40	3.44	4.90	5.23	5.67	6.14	6.79	7.40
Cotton fabrics	1.60	2.57	3.95	4.30	4.62	5.04	5.49	5.96
Silk and synthetic fabrics	1.67	2.63	3.98	4.33	4.67	5.11	5.52	6.10
Wool fabrics	1.77	2.75	3.88	4.28	4.52	4.94	5.35	5.86
COAL MINING	3.08	4.31	7.78	8.40	9.83	10.31	10.97	12.16
BUILDING CONTRACTORS	3.07	5.46	7.44	7.71	8.27	8.79	9.40	9.95

* Men's and women's garments

SOURCE: U. S. Bureau of Labor Statistics

includes slacks, shorts, beach and ski wear, playsuits, service apparel and similar items and in underwear and nightwear.

By way of comparison, earnings in the men's and boys' clothing industry were up 95 cents to $1.03 in the same three year period.

Current Outlook

There is considerable room for growth in the American economy. The sluggishness that characterized 1979 and the downturn since early 1980 have created vast areas of unmet demand. Instead of building upon this potential, our economy continues to be beset with ever-increasing uncertainty. Restriction of growth by successive administrations in the last decade has been based upon the doubtful assumption that this will control inflation. The policies of the present administration continue to undermine the vitality of the economy.

As a result, we live with economic stagnation, accompanied by upticks and downturns, but without consistent growth. If, as anticipated, current high interest rates rise once again at some point during the year, the severity of the present downturn will accentuate. Even if this does not happen during this and the following quarter, unemployment can be expected to rise into double digits as utilization of industrial capacity falls still further. When a turn around may occur and how significant it may be remains an open question. This is the case because the economic medicine currently being fed to the American people is, at best, untried and based upon the illusion that the wealthy beneficiaries of tax relief will engage in productive investment.

The Reagan administration is more reliant on a high interest rate policy to restrict the economy than any one of the three prior administrations. In the only other major nation to follow a similar policy, Britain, unemployment is pushing 12 percent, with no end in sight. It is, of course, conceivable that the retrogressive policies may, in time, lead to a decrease in the rate of price increases in the United States. But, even if this occurs, it will be at enormous cost to millions of Americans and to the very structure of the American economy.

Administration policy represents a sharp shift in the functioning of the economy. Much of it is new and untried, requiring constant checking on its effectiveness. However, the ability to analyze in detail where we have been and future economic trends is now being threatened by budget cuts that will affect the data collection agencies of the federal government. Sound economic policy requires sound statistics, data which are reliable, accurate, consistent and conceptually valid. The administration's program to cut departmental budgets by 12 percent across-the-board and a possible additional 4 percent cut represent a dire threat to economic analysis.

The important result of recent economic policy, intensified by the programs of the Reagan administration, has been speculation in the name of diversification by large corporations through high cost purchases of one big company by another. Key sectors of American industry -- steel is one case in point -- are, as a matter of corporate policy, turning away from investments that would modernize plant and equipment, make American industry more competitive in domestic as well as in world markets and provide additional employment. There is, apparently, sufficient money available for such non-productive investments. The sources of financing, in addition to exchange of stock, have been company reserves and readily available credit from financial institutions. High interest costs have not been a deterrent.

Sums for future acquisitions will come additionally from the recent cuts in business taxes, the accelerated depreciation program and the sale of depreciation allowances to the highest bidder.

In this context, some observations should be made on the mode of operation of Japanese industry, since Japan's economic growth and competitiveness are increasingly being publicized as the answer to America's problems. This publicity, however, has been conducted in an extremely selective manner. Attention is concentrated almost solely on the cooperative role of labor in Japan in an effort to convince the American people and the labor movement that greater cooperation and give-backs are the only way to job security and renewal of economic growth and well-being. Little, if any, stress is placed upon some of the structural reasons for Japan's success. This is, of course, a complex subject, but it is of some value to point, if only briefly, to a number of major differences in how the giant corporations operate in both countries.

The growth of modern Japanese companies came primarily after World War II and, therefore, reflected a fresh technological start. Few Japanese companies engage in diversification. Most concentrate on increasing their efficiency and competitiveness through large-scale investments in technology. A combination of retained profits and borrowing is the source of investment, as in any other country. In Japan, however, the banks play a considerably greater role than here. With investments in technology viewed as crucial to growth and growth viewed as crucial to economic health, Japanese companies pay out smaller dividends than their American counterparts. They concentrate upon long-term growth, rather than short-term profits, leading to a higher investment rate than is the case with American companies. It is not accidental that Japan's steel and auto industries, to mention only two, are the most modern and competitive in the world.

The outlook for women's and children's apparel depends in large measure upon the course the economy will take in 1982. How deep the broadly based recession will be and how long it will last will determine its impact on our industry and its workers. While consumption of feminine wear has often outpaced other sectors in periods of uncertainty or of slight downturn, history records a severe fallout during serious recessions. As 1981 ended, there were already signs that sales of women's and children's wear at retail were beginning to show signs of weakness.

Retailers have also advanced the timing of normal post-Christmas clearances in an effort to keep inventories lean. What impact this will have on January volume remains to be seen, since promotions in January normally boost store traffic and activity. It is, therefore, likely that business in women's and children's wear will show little real growth for some time. Also open to question is whether any revival in sales of autos and homes is in the offing in the near future. If a turnaround in the economy permits pent up demand for these items to be realized, funds for clothing purchases could be drained off, just as the reverse has been true for the past several years.

Styles for Spring 1982 were generally conservative, but a short look, more refined shapes, increased sleeve interest and a varied appearance to satisfy a wide range of tastes may help sales. In difficult times, consumers seek out quality and good value in clothes, rather than concentrate on trend-setting fashions.

A5900-1 6/24/82

CONDITIONS IN THE WOMEN'S GARMENT INDUSTRY

JUNE 22, 1982

Economic Background

The economy suffered a major setback in the fourth quarter of 1981 as real Gross National Product, the measure of the nation's output of goods and services adjusted for price increases, moved sharply lower. The decline in the quarter was 1.1 percent, which translates into a seasonally adjusted annual rate of 4.5 percent. In the first quarter of 1982, the downward movement continued at almost the same pace. Available second quarter data suggest that the decline has not been arrested as had been forecast by the Reagan Administration. We expect little significant positive change in the economy through the remainder of this year.

In real terms, the fourth quarter of 1981 witnessed a significant 5.7 percent drop in the durable goods component of personal consumption expenditures, while non-durable purchases remained flat and outlays for services rose slightly. Capacity usage in the economy as a whole, which had been low but essentially steady at around 80 percent until August, began to decline precipitously in September and by the end of the year had dropped to a 73 percent level.

Largely as a result of these and similar factors, total fixed investment declined 2.1 percent at an annual rate in the fourth quarter of 1981. The most severe decrease was in residential fixed investment, which plunged by 7.7 percent following sharp drops in the prior two quarters. Investment in plant and equipment declined by 2.0 percent.

Among key indicators, profits were down by 9.2 percent at an annual rate and retail sales declined by 2.1 percent in real terms. Durable goods sales tumbled by 6.5 percent in the quarter and non-durables showed a slight uptick, but were below their levels in the same quarter in 1980.

Industrial production declined by 4.4 percent in the fourth quarter. The drop in production in turn affected manufacturing productivity, which fell by 2.9 percent. Non-agricultural employment was down by almost 565,000. Most of this drop was accounted for by the 520,000 decline in production workers manufacturing employment. As a consequence, unemployment in the quarter soared from an average of 7.4 percent in each of the three prior quarters to 8.3 percent.

As Washington policy makers continued to encourage a slump in the economy, the Consumer Price Index rose in the fourth quarter at a rate of 1.3 percent, considerably lower than in any of the previous 16 quarters. Although the prime interest rate ended the quarter at an average level of 15.75 percent against a 19.5 percent level at its start, by historic standards it remained inordinately high.

Real GNP declined in the first quarter of 1982 by 1.1 percent. Personal consumption expenditures rose by 0.7 percent, with durable goods purchases accounting for more than 70 percent of the increase, most of it from renewed massive rebates in the depressed automobile industry in the last month of the quarter. Non-durables were slightly down and services were up somewhat more. Capacity usage declined still further to 71.5 percent at the end of the quarter.

Fixed investment was down in real terms at an annual rate of 0.4 percent, with decreases in both residential and non-residential areas. The sharpest decline was in residential investment. Industrial production also continued to fall, dropping by an additional 3.2 percent over the prior quarter. Non-agricultural employment was down by an additional 545,000, of which production workers in manufacturing accounted for 510,000. Unemployment rose to 8.8 percent.

Business inventories decreased sharply as producers and other holders of inventories sought to limit their carrying cost exposures and lower levels of demand did not warrant any buildup of stocks. Corporate profits declined sharply, falling at an annual rate of 20.2 percent. Retail sales continued to drop in real terms.

With Administration policies worsening the slowdown, the CPI was up by 0.8 percent, representing a 7.6 percent rise over the same quarter in the previous year, a considerably lower rate than the year to year rate in each of the previous quarters. The prime interest rate rose in the first quarter from 15.75 percent to 16.5 percent.

Data on the second quarter of 1982 remain scanty at this writing, but available details continue to present an ongoing negative picture. Retail sales in April were down by 1.0 percent in real terms over the same month in 1981, dropping by 5.6 percent in durables and rising by 1.7 percent in non-durables. Some slight improvement took place in May, partly the result of auto rebates. On a year to year basis, manufacturing production declined by 8.3 percent. The drop continued in May. Factory orders for durables in the same month were down by 3.9 percent and for non-durables by 0.5 percent. Housing starts declined in April, but rose in May largely as the result of advances in condominiums and apartments. Even so, the level of starts remained far below normal levels.

Although poor sales caused inventories to rise in April, the first such increase since November, most of the excess in inventories was reportedly already played out. However, taken together with drops in production and new factory orders, the lack of stock rebuilding signified a continuing low confidence level on the part of the manufacturers and retailers that demand will rise substantially in upcoming months.

Confirming this view was the further decline in capacity usage to a 71.0 percent level in April and 70.8 percent in May. At the same time, the Department of Commerce released the results of a survey that projected a 1982 decline of 2.4 percent in capital expenditures over 1981, based on a 4.8 percent inflation. If the inflation rate is higher, the reduction will be greater. These elements underlined the fact that the tax cuts enacted last year did not result in their alleged purpose of increasing capital investment and raising purchasing power on a broad scale. Consumer debt, one of the mainstays of a growth economy, also remained below normal.

Manufacturing production employment continued to drop in May and was 8.3 percent below May 1981. Through May, production worker employment had dropped by 1,278,000 from the end of September 1981. Unemployment rose to 9.5 percent at a seasonally adjusted annual rate in May, the highest level since 1941. The CPI moderated further in April in response to ongoing rigidity in government monetary policies. The prime interest rate remained at 16.5 percent through mid-June. More than 2,000 companies went bankrupt in April as more and more small companies found it increasingly difficult to survive high interest rates and low sales.

Retail Sales

During much of 1981, retail sales generally appeared to be avoiding the worst of the recession. Total sales were ahead 9.1 percent in actual dollars. Most of the gain, however, was illusory and the result of higher prices; real sales were up only 0.8 percent. Towards the end of the year performance began to soften. For the four month period, September through December, overall sales in current dollars were ahead 6.8 percent but in real terms they were down by 0.1 percent.

Sales patterns in durable and non-durable goods tended to be similar in 1981. Sales of durables for the year were ahead 10.1 percent in current dollars, but only 2.0 percent after allowance for price changes. Non-durable goods stores increased their sales volume 8.7 percent in 1981 dollars, but remained essentially flat in real terms.

RETAIL SALES OF WOMEN'S AND CHILDREN'S CLOTHING AND ACCESSORIES* BY TYPE OF OUTLET

(in millions of dollars)

Period	Total Sales	Department Stores	Women's Ready-to-wear Stores	Family Clothing Stores	Other Retail Outlets
1966	$18,112	$ 7,763	$ 5,831	$ 1,308	$ 3,210
1972	25,021	11,112	8,082	2,064	3,763
1973	27,972	12,308	9,336	2,502	3,826
1974	29,617	12,761	9,910	2,735	4,211
1975	31,683	13,451	10,926	2,933	4,373
1976	34,298	14,670	11,840	3,207	4,581
1977	36,527	16,251	11,925	3,472	4,879
1978	40,808	17,846	13,775	3,551	5,636
1979	43,514	19,191	14,398	3,730	6,195
1980	45,831	20,193	14,565	4,343	6,730
1981	50,454	22,092	15,797	4,851	7,714
Jan-Apr'81	14,128	6,138	4,505	1,325	2,160
Jan-Apr'82	14,905	6,444	4,838	1,368	2,255

* Data include traditional products of the women's garment industry as well as millinery, furs, hosiery, gloves and other accessories

SOURCE: ILGWU Research Department (benchmarked to 1967, 1972 and 1977 Census of Business)

Promotional prices and rebate programs that seemed to help bolster retail sales in 1981 lost some of their potency in 1982. In the first four months of the year, compared with a year ago, overall sales rose only 1.9 percent. Although prices moved up much less this year than in 1981, real sales slumped by 2.3 percent. In durable goods, current dollar sales were down 1.5 percent and by 7.3 after allowance for price changes. Non-durables fared only slightly better. Total sales in this category were up 3.5 percent, while real dollar volume was ahead only 0.5 percent. Preliminary May information suggests that sales once again reflect the basic weakness in the economy.

With interest rates remaining high and consumers putting off purchases of homes, cars and other large ticket items, consumer discretionary funds were more available for clothing purchases. Retail sales of women's and children's wear were somewhat more immune to the economic downturn than many other sectors. During 1981, current dollar sales of female apparel rose 10.1 percent. Because of the relatively slow advance in prices, a real gain of 8.0 percent was chalked up. These gains continued into 1982, although at a much reduced pace. Women's and children's wear volume in the first four months compared with the same period in 1981 moved ahead by 5.5 percent, representing an advance in real dollars of 3.9 percent.

There were additional reasons, other than the slump in hard goods, for the sales of women's and children's wear to hold up. The importance of women in the labor force continues to grow, not only in numbers, but in terms of responsibility. This calls for suitable career apparel. With greater acceptance of women in business and the professions, has come a turn away from male-oriented fashion for women to more feminine styles, a plus for retail volume. A growing number of births has helped sustain sales at the youngest end of the market. Sales gains also came from the continued promotional efforts of stores trying to keep inventories down in difficult and uncertain times.

One of the more interesting phenomena of the recent period is the apparent weakness that emerged at the upper end of the market. Last year, stores and departments that catered to more affluent consumers had been only slightly affected by the recession and in many cases made significant gains. This year, however, the unhealthy business climate has reached even these consumers and is affecting purchases. As a result, stores have held back on their purchases of designer merchandise as well as lower priced goods.

As was the case last year, women's ready-to-wear stores set the pace in the first four months of 1982 with an advance of 7.4 percent in current dollars over last year. Department store volume in women's and children's wear moved up by 5.0 percent, while family clothing stores and other outlets were ahead by 3.2 percent and by 4.4 percent respectively.

Production of Women's and Children's Wear

Activity in the domestic women s and children's wear industry has been on a steady downslide since 1977 as the result of the continued shift to imported merchandise and the economic malaise in the nation. The physical volume of output in the industry declined by 0.3 percent in 1981 bringing the level to 7.2 percent below that in 1977 and by 10.7 percent below that in 1966. In the first four months of 1982, a further drop of about 10 percent appears to have taken place.

UNIT PRODUCTION OF SELECTED WOMEN'S AND MISSES' GARMENTS AND PHYSICAL VOLUME OF OUTPUT, WOMEN'S AND CHILDREN'S APPAREL INDUSTRY

(in millions)

Period	UNIT PRODUCTION						Physical Volume of Output#
	Coats	Suits@	Dresses	Blouses	Skirts	Sweaters*	
1966	27.7	11.6	321.3	223.2	131.1	147.0	$9,065
1972	25.2	24.6	289.4	215.3	66.2	130.8	$8,729
1973	24.6	25.0	275.5	236.5	64.7	151.3	$8,684
1974	22.4	28.1	236.9	245.2	57.9	148.3	$8,363
1975	23.2	32.5	222.7	277.8	63.7	134.8	$8,335
1976	22.2	32.5	213.5	296.2	64.9	127.2	$8,451
1977	20.1	32.2	228.3	335.6	68.8	127.5	$8,730
1978	20.1	28.3	224.3	347.0	73.5	117.3	$8,515
1979	19.6	21.7	216.9	373.0	70.7	100.3	$8,337
1980	17.8	16.0	212.1	362.1	74.0	96.6	$8,125
1981	15.8	11.6	160.3	411.2	96.1	94.2	$8,098
Jan-Apr'81	4.7	4.2	62.6	140.7	36.3	23.8	$2,641
Jan-Apr'82	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	$2,363

@ Suits including pant-suits
* Sweaters for women and men
\# Physical volume of output of women's and children's apparel industry expressed in 1967 value
N.A. -- Not available
SOURCE: U.S. Bureau of the Census and ILGWU Research Department (benchmarked to 1963, 1967 and 1972 Census of Manufactures)

Detailed statistics on unit production of key items of women's and children's apparel, previously published monthly by the Bureau of the Census, have been discontinued effective this year as part of the budget cutting process. As a result, the ability to gauge current developments in the industry and to analyze the impact of imports has been negatively affected. While Census plans to continue to publish its annual production statistics, these data are released long after the fact and are essentially of historical value. The latest annual data currently available are for 1980 and, together with data for a number of prior years, are shown in the appendix table on page 14.

Monthly production data that were available for 1981 bear out the overall slump shown by the physical volume statistics. The output of women's coats fell by 11.2 percent, while that of dresses was off by 24.4 percent. Suit production dropped by 27.5 percent as pantsuits continued to lose favor with consumers. Output of men's and women's sweaters was down by 2.5 percent, with sweaters for women off by 5.9

percent, while those for men rose by 1.9 percent. Blouse production was up by 13.6 percent and skirt output was ahead by 30.0 percent for 1981 as a whole, but the gains in the latter part of the year diminished sharply, with output nearly flat.

The decline in domestic output of women's and children's wear at a time when retail sales were growing reflected a continuing shift of purchases by retailers to imported goods in search for higher markup and profit. The industry's firms, large and small, have been caught in a squeeze between lower orders and the high cost of money. Many entrepreneurs have been forced to close down their factories in the wake of this pressure. At stake is not only the jobs of thousands of workers, but the very vitality of one of the nation's key industries.

IMPORTS

The one segment of the apparel market that has remained generally immune to recessionary developments up to now has been imports. Except for minor declines in 1977 and 1979, neither of which was a recession year, apparel imports have continued to climb. Imports of women's and children's apparel made of cotton, wool and man-made fibers (measured in terms of square yards of material used in their manufacture) rose 12.0 percent in 1980 and 9.8 percent in 1981.

Import growth continued into 1982, although there was a sharp 13.4 percent decline in April. Even with the April drop, imports of women's and children's wear in the first four months of the year were ahead by 4.8 percent. It is too early, however, to determine whether this promising development is merely temporary or will continue. The April drop is to some extent attributable to merchandise having been shipped earlier than usual as such major exporters as Hong Kong, Korea and Taiwan sought to fill 1981 quotas and create larger bases for negotiation of 1982 quotas under the amended Multifiber Arrangement. It is also conceivable that the recession is finally taking hold in this field as elsewhere.

Two major segments contributed to the strength of import trade in 1982. Knit cotton garments were up by 35.6 percent in the first four months while woven man-made fiber garments were up by 15.8 percent. Elsewhere imports were either flat or down.

Imports of women's wool apparel were off by 31.6 percent with knits down by 37.8 percent and wovens up by only 0.9 percent. Woven cotton apparel was down by 9.6 percent, holding overall cotton garment shipments to a gain of 0.6 percent. Knit man-made fiber apparel imports were up by 1.4 percent, man-made fiber shipments gaining a total of 7.3 percent in the period. For the three fibers combined, imports of knits were ahead by 6.6 percent and wovens were ahead by 2.2 percent in the first months of 1982.

Average unit values of imported women's and children's wear moved ahead by 4.3 percent in 1982 with fairly uniform movements among cotton and man-made garments. In the wool sector, however, unit values advanced 28 percent.

Of the 21 major products for which specific import data are available, 14 advanced in the first four months of 1982. Suits were up 93 percent, swimwear was 54 percent ahead and underwear and body suits and shirts were up by 26 percent each. Gains of 8 to 18 percent were made by slacks and shorts, nightwear, playsuits, knit shirts, skirts and dressing gowns and robes. Advances of less than 3 percent were made by tops and vests, blouses, sweaters and raincoats. The largest decline -- 31

IMPORTS OF SELECTED WOMEN'S AND CHILDREN'S GARMENTS
(in thousands of units)

Product	Year 1976	Year 1977	Year 1978	Year 1979	Year 1980	Year 1981	Jan-Apr 1981	Jan-Apr 1982
Coats & jackets, cotton	6,676	7,586	8,656	8,392	14,580	19,706	5,034	3,539
" " " wool	817	1,335	2,294	1,936	2,259	2,300	198	150
" " " synthetic	19,534	23,760	25,746	22,274	26,017	30,071	8,069	9,838
TOTAL	27,027	32,681	36,696	32,602	42,857	52,077	13,300	12,526
Suits, wool	580	547	414	445	344	654	32	103
" synthetic	3,216	2,826	3,085	1,725	1,370	2,112	659	1,228
TOTAL	3,796	3,373	3,499	2,169	1,715	2,766	691	1,331
Dresses, cotton	6,412	5,854	6,534	4,832	8,413	9,396	4,005	4,010
" wool	586	761	635	496	1,013	1,109	75	59
" synthetic	12,276	10,194	12,840	11,860	13,884	15,839	5,653	5,269
" silk (non-ornamented)	91	220	463	990	1,143	1,697	472	565
TOTAL	19,365	17,039	20,472	18,178	24,453	28,041	10,204	9,903
Blouses, cotton	59,602	64,750	107,284	126,743	107,475	118,007	49,025	49,610
" wool	1,987	7,712	7,631	6,450	6,603	7,968	566	664
" synthetic	80,774	75,395	90,246	89,169	93,214	96,686	38,715	40,196
" silk (non-ornamented)	624	1,732	3,543	3,806	3,668	5,402	1,500	1,554
TOTAL	142,987	147,589	208,705	226,168	210,960	228,064	89,806	92,026
Knit shirts (a), cotton	60,632	63,743	66,294	58,774	51,421	47,488	20,107	24,272
" " synthetic	159,342	157,434	156,507	123,630	116,788	126,803	42,769	47,642
TOTAL	219,974	221,177	222,801	182,404	168,209	174,230	62,876	71,914
Sweaters (b), cotton	5,025	2,905	4,086	5,485	6,115	5,651	1,656	3,028
" wool	21,826	30,133	22,825	19,910	30,659	27,519	4,301	4,913
" synthetic	114,946	109,461	113,583	94,846	112,384	112,541	16,113	13,867
TOTAL	141,824	142,609	141,053	120,747	149,879	148,968	22,390	22,743
Skirts, cotton	6,065	5,109	7,275	8,469	9,955	14,327	5,090	5,475
" wool	613	902	1,488	1,626	1,298	1,287	77	84
" synthetic	2,678	1,840	3,633	4,040	3,522	5,944	1,520	2,236
TOTAL	9,356	7,851	12,397	14,135	14,774	21,559	6,686	7,808
Slacks & shorts, cotton	59,513	77,314	94,794	86,368	97,843	106,626	35,635	30,567
" " " wool	667	777	1,173	745	959	1,348	67	80
" " " synthetic	72,242	61,276	75,992	66,431	68,584	75,475	36,056	47,094
TOTAL (c)	132,481	139,505	172,322	153,869	168,035	184,530	72,057	78,143
Playsuits, cotton	9,755	11,981	11,659	12,292	18,114	21,230	7,718	9,287
" synthetic	8,403	8,554	9,206	7,839	8,382	7,911	4,277	3,787
TOTAL	18,158	20,535	20,865	20,132	26,496	29,141	11,994	13,075
Raincoats (b), cotton	2,387	2,465	3,888	4,029	2,331	1,995	645	649
" synthetic	6,130	4,764	6,030	5,542	4,365	4,764	1,389	1,427
TOTAL	8,517	7,229	9,918	9,572	6,696	6,759	2,033	2,076
Dressing gowns & robes, cotton	1,404	1,900	1,838	1,005	1,814	2,487	1,051	1,534
" " " " wool	2	10	18	5	82	7	f	1
" " " " synthetic	851	936	1,302	1,695	1,555	2,046	939	810
TOTAL (c)	2,265	2,856	3,172	2,712	3,469	4,572	1,993	2,356
Nightwear & pajamas, cotton	4,787	6,368	7,172	6,369	6,652	10,678	1,647	1,433
" " " synthetic	1,682	1,519	2,140	1,848	1,873	2,735	630	1,045
TOTAL (c)	6,472	7,889	9,313	8,221	8,534	13,423	2,279	2,485
Underwear, cotton	3,917	6,731	12,627	15,971	19,177	28,368	7,863	8,974
" wool	85	152	257	204	266	227	12	5
" synthetic	18,306	22,680	22,584	23,490	33,960	40,693	11,478	12,644
TOTAL (c)	22,330	29,642	35,728	39,739	53,466	69,502	19,361	24,457
Brassieres, cotton	7,840	4,407	2,278	2,223	1,619	1,178	368	385
" synthetic	97,175	109,678	126,091	131,508	142,529	150,922	46,545	43,173
TOTAL	105,015	114,085	128,369	133,731	144,148	152,100	46,914	43,598
Girdles & Corsets, cotton	59	45	4	14	5	54	6	4
" " " synthetic	2,708	3,185	4,333	5,041	6,830	7,752	2,822	1,936
TOTAL	2,767	3,230	4,337	5,055	6,835	7,806	2,828	1,940
Infants' sets (d), cotton & synthetic	N.A.	28,205	31,798	31,761	35,947	36,634	11,593	11,591
Swimwear, synthetic	9,362	9,877	14,025	13,865	11,379	8,059	3,769	5,799
Tops & vests, cotton & synthetic	22,000	10,441	11,730	13,346	17,399	13,160	5,761	5,789
Body suits & shirts, synthetic	1,578	1,063	3,577	3,109	730	1,564	526	660
Coveralls (e), synthetic	1,098	1,237	1,275	746	737	812	239	225
Judo/karate suits, cotton & synthetic	93	75	128	96	184	190	69	64

(a) Excludes knit tops
(b) Men's, women's and children's
(c) Includes garments of silk and other fibers not shown separately
(d) Up to and including 2 years of age
(e) Includes overalls and jumpsuits
(f) Less than 500 units

SOURCE: U. S. Bureau of the Census (imports for consumption)

N.A. -- Not available

percent -- was in girdles and corsets. The remaining items -- brassieres, judo suits, coveralls, coats and jackets, dresses and infants sets all declined by less than 7 percent.

Import flows have clearly moderated somewhat in 1982, largely the result of the April decline. Still, historical experience permits the view that this situation may be temporary and, once the United States economy gets back on its feet, imports may resume their climb. The renewed Multifiber Arrangement provides greater opportunity for keeping imports in line with domestic apparel consumption than in the past. It is critical, however, that the Administration in Washington takes full advantage of its opportunities to negotiate and administer bilateral agreements that would keep imports of textiles and apparel under control.

Despite the damage already done to the domestic apparel industry by the flood of imports, proposals continue to emerge that would further aggravate the situation. Textile manufacturers have suggested that garments produced abroad from U.S.-made materials be dutiable only on the work done abroad, rather than on the full value as at present. This goes considerably beyond the present Item 807.00 of the Tariff Schedules, which accords such treatment to garments made of fabric parts cut in the United States, and would result in the further export of garment workers' jobs. The Caribbean Basin Program would permit duty free entry of products from that area and would encourage imports of apparel and textile items not covered by the MFA. The domestic industry can ill afford any further incursion into its opportunities.

Employment, Manhours and Payrolls

Employment in women's and children's wear manufacture declined 1.5 percent in 1981, the third successive year of negative performance. The drop brought employment to its lowest point in nearly 25 years. Compared with the peak year of 1973, employment was off by 93,000 workers or 14.1 percent.

In contrast to 1980, when virtually every branch of the industry showed minuses, the 1981 picture was mixed. Declines in women's coats and suits, dresses and children's outerwear were largely offset by small gains in the sportswear and intimate apparel segments of the trade. Total manhours of work were off by 0.7 percent in 1981, while, as a result of higher earnings, the industry's total payrolls were ahead by 7.0 percent.

In spite of employment declines, 1981 proved to be rather resilient, turning in numbers that seem somewhat better than might have been expected, given the continued inroads of imports and the depressed state of the economy. In 1982, however, the negative forces hit with full effect. Employment in the first four months of 1982 dropped by 5.5 percent, while manhours were down an even more drastic 10.3 percent.

In contrast with recent years, when a drop in number of firms left fewer workers with longer hours, this year has witnessed a sharp curtailment in the length of the work week. Storm and cold weather in January prevented many plants from opening or workers from getting to work. This helped accentuate the hours decline. Even if allowance is made for this factor, the trend this year is down.

There were no exceptions this year to the downward trend among the branches in the industry. The smallest decline was in underwear and nightwear, where employment

EMPLOYMENT, MANHOURS AND PAYROLLS, WOMEN'S AND CHILDREN'S GARMENT INDUSTRY

AVERAGE EMPLOYMENT OF PRODUCTION WORKERS

Period	Coat, Suit, Skirt	Dress	Blouse	Knit Outerwear*	Children's Outerwear	Other Outerwear	Corset, Brassiere	Underwear Nightwear	Knit Underwear*
1966	79,700	178,800	49,300	63,600	71,300	69,600	36,800	74,500	30,600
1972	63,800	177,200	41,300	66,700	64,900	91,600	26,400	75,400	30,600
1973	64,500	183,700	45,900	70,200	68,900	102,000	24,700	72,800	28,700
1974	61,300	166,300	45,500	67,100	63,200	103,500	22,700	67,000	29,400
1975	56,800	149,800	45,600	57,300	56,600	100,000	19,600	61,100	28,600
1976	61,000	151,100	48,400	60,500	60,200	112,600	19,300	64,900	31,400
1977	56,700	144,300	49,600	64,700	59,000	118,600	16,600	64,600	29,100
1978	55,500	145,000	53,600	67,100	59,100	124,600	16,100	63,900	29,000
1979	55,900	138,700	55,800	60,400	56,800	124,600	14,900	63,100	27,600
1980	57,000	128,000	54,100	59,400	55,100	120,400	13,900	62,200	26,700
1981	52,400	120,700	54,400	60,700	54,100	122,600	14,300	63,000	26,100
Jan-Apr'81	50,000	124,200	54,900	58,100	54,000	123,100	14,100	61,700	26,500
Jan-Apr'82	43,900	116,100	51,000	55,000	52,000	119,300	13,400	61,500	23,300

MANHOURS OF PRODUCTION WORKERS (in millions)

Period	Coat, Suit, Skirt	Dress	Blouse	Knit Outerwear*	Children's Outerwear	Other Outerwear	Corset, Brassiere	Underwear Nightwear	Knit Underwear*
1966	136.0	302.3	85.3	121.3	131.4	129.6	68.0	139.6	60.4
1972	108.1	297.1	72.2	129.2	117.3	164.3	47.9	138.2	58.5
1973	109.7	307.6	80.0	134.6	123.1	182.6	44.6	132.3	54.6
1974	103.1	263.7	77.2	126.7	111.7	182.9	40.1	119.5	54.6
1975	95.4	242.3	79.3	106.3	101.3	178.7	34.9	107.6	54.4
1976	104.1	251.4	84.3	115.0	109.5	199.4	35.7	118.9	59.8
1977	94.4	237.6	84.7	122.6	105.4	207.9	30.1	117.5	55.1
1978	93.1	237.5	92.6	124.8	106.6	218.8	29.4	113.7	54.6
1979	93.1	220.5	95.3	113.0	102.5	216.2	26.4	113.5	50.0
1980	97.0	202.8	92.6	114.2	99.6	209.2	24.1	113.5	49.4
1981	88.6	196.7	92.8	114.0	98.1	214.9	25.8	115.0	47.1
Jan-Apr'81	28.1	66.4	30.7	35.8	32.0	71.5	8.3	36.7	15.9
Jan-Apr'82	22.6	61.9	27.8	31.6	28.9	65.3	7.0	33.9	12.2

PAYROLLS OF PRODUCTION WORKERS (in millions of dollars)

Period	Coat, Suit, Skirt	Dress	Blouse	Knit Outerwear*	Children's Outerwear	Other Outerwear	Corset, Brassiere	Underwear Nightwear	Knit Underwear*
1966	$334.1	$644.6	$152.2	$240.8	$228.8	$225.4	$126.2	$229.0	$104.8
1972	325.2	830.7	178.1	352.0	283.9	402.9	120.6	312.9	143.0
1973	347.1	906.5	209.6	389.0	314.3	481.7	120.1	321.9	144.5
1974	349.5	843.9	220.7	397.1	305.8	526.5	116.8	314.7	155.3
1975	342.3	801.4	240.4	366.4	297.4	545.1	109.8	303.0	163.1
1976	390.3	887.8	272.9	408.4	317.8	657.6	120.6	359.4	193.5
1977	377.1	887.5	292.2	456.3	346.3	726.3	107.6	376.4	191.2
1978	391.3	953.0	340.0	491.9	377.8	830.1	112.3	398.9	204.2
1979	420.6	955.4	377.4	482.8	393.8	886.8	109.0	430.4	204.2
1980	490.2	954.0	398.8	535.7	417.9	930.4	105.8	464.9	225.8
1981	486.0	996.3	431.8	575.4	446.5	1,025.0	123.0	513.1	232.7
Jan-Apr'81	148.4	329.0	140.7	177.2	143.3	338.7	38.6	161.8	77.0
Jan-Apr'82	126.6	322.7	133.5	165.7	137.9	322.0	35.9	156.9	62.5

* Men's and women's garments
SOURCE: U. S. Bureau of Labor Statistics and ILGWU Research Department estimates

was off by 0.3 percent. In other women's outerwear shops which typically produce slacks, shorts, beachwear, skiwear, and service apparel, employment was down by 3.1 percent. Employment was down by 5.0 percent and 5.3 percent respectively in corset and brassiere and knit outerwear shops, by 6.5 percent in dresses, 7.2 percent in blouses, 12.1 percent in knit underwear and 12.2 percent in the coat, suit and skirt branch.

In every instance, manhours worked dropped more than employment as a result of the cutbacks in weekly schedules because of lack of orders and weather conditions earlier in the year. For the first time in many years, payrolls failed to advance in spite of higher earnings. They dropped by 5.8 percent for the industry as a whole, with individual branches of the trade ranging from a decline of 1.9 percent in dresses to a steep fall of 18.8 percent in knit underwear.

Given the depressed state of activity in the industry, unemployment soared in 1982. Data are not available for women's and children's wear alone, but for the entire apparel industry the number of experienced workers looking for work this April hit 18.1 percent, the same as in April 1975 at the height of the 1973-1975 recession. In May 1982, 17.0 percent of the industry's work force was still unemployed and there are few, if any, signs of improvement.

AVERAGE HOURLY EARNINGS, WOMEN'S GARMENT AND OTHER SELECTED INDUSTRIES

Industry	Apr. 1961	Apr. 1971	Apr. 1976	Apr. 1977	Apr. 1978	Apr. 1979	Apr. 1980	Apr. 1981	Apr. 1982
WOMEN'S GARMENTS									
Coats, suits, skirts	$2.10	$2.95	$3.59	$3.83	$4.09	$4.35	$4.88	$5.41	$5.71
Dresses	1.87	2.77	3.55	3.67	3.97	4.27	4.58	5.01	5.23
Blouses	1.52	2.39	3.20	3.43	3.64	3.91	4.26	4.64	4.81
Knitted outerwear*	1.64	2.50	3.49	3.66	3.90	4.15	4.63	4.94	5.24
Children's outerwear	1.46	2.29	3.09	3.24	3.51	3.80	4.13	4.48	4.78
Other outerwear	1.56	2.29	3.28	3.46	3.78	4.10	4.40	4.80	4.94
Corsets, brassieres	1.59	2.46	3.40	3.63	3.74	4.12	4.37	4.70	5.12
Underwear, nightwear	1.40	2.20	2.99	3.19	3.47	3.74	4.05	4.45	4.63
Knitted underwear*	1.46	2.31	3.15	3.39	3.72	4.03	4.57	4.89	5.14
MEN'S CLOTHING									
Suits, coats	1.91	3.02	4.02	4.33	4.81	5.07	5.35	5.66	6.04
Shirts, nightwear	1.32	2.14	2.99	3.12	3.44	3.70	4.07	4.46	4.66
Separate trousers	1.37	2.14	3.17	3.27	3.67	3.92	4.29	4.65	4.84
Work clothing	1.27	2.08	3.03	3.19	3.53	3.83	4.09	4.47	4.70
ALL MANUFACTURING	2.30	3.54	5.10	5.56	6.04	6.55	7.09	7.88	8.41
NON-DURABLE GOODS	2.10	3.24	4.61	5.02	5.42	5.90	6.38	7.08	7.65
DURABLE GOODS	2.46	3.75	5.44	5.92	6.44	6.96	7.55	8.40	8.93
Automobiles	2.82	4.70	6.83	7.67	8.34	8.34	9.41	10.85	11.41
Primary metal industries	2.86	4.16	6.75	7.18	7.98	8.92	9.54	10.76	11.23
Printing, publishing	2.73	4.14	5.60	6.02	6.40	6.76	7.34	8.04	8.60
Rubber and plastic products	2.34	3.34	4.54	5.12	5.37	5.82	6.36	7.15	7.53
Cotton fabrics	1.57	2.54	3.55	3.98	4.26	4.61	5.11	5.48	6.01
Silk and synthetic fabrics	1.65	2.59	3.61	4.07	4.37	4.66	5.05	5.64	6.08
Wool fabrics	1.74	2.65	3.61	3.95	4.30	4.58	5.07	5.59	6.05
COAL MINING	3.07	4.76	7.64	8.11	9.37	10.46	11.02	11.44	12.39
BUILDING CONTRACTORS	3.01	5.23	7.01	7.44	7.79	8.47	9.01	9.44	10.34

* Men's and women's garments

SOURCE: U. S. Bureau of Labor Statistics

Hourly Earnings

The latest wage data collected by the Bureau of Labor Statistics are for April 1982. These data reflect, therefore, the wage levels in effect at the end of the major outerwear agreements that expired at the end of May 1982, rather than those under the newly concluded agreements. Also, since these data are collected from union as well as non-union shops, their level tends to be somewhat lower than those in ILGWU shops.

Between April 1981 and April 1982, hourly earnings advanced by 42 cents an hour in the corset and brassiere industry and by 31 cents in coat, suit and skirt shops. Earnings were 30 cents an hour higher in knitted outerwear and children's outerwear, 25 cents higher in knit underwear and up 22 cents in dresses. Gains in the underwear and nightwear industries were 18 cents an hour, while earnings were ahead by 17 cents in blouses and 14 cents in other outerwear, which includes shops making slacks, shorts, swimwear, skiwear, service apparel and similar items.

By way of comparison, hourly earnings in the various branches of men's and boys' wear industry moved up 19 to 38 cents an hour in the same 12 month period.

Current Outlook

Unless there is a fundamental change in the Administration's approach to the nation's economic ills, there is serious doubt concerning the possibility of a significant turnaround until some time in 1983. The Reagan government's strategy has cast a lasting pall on the country's economy.

Generally accepted policy, which has varied in intensity depending upon the party in power and the forces that influence it, has been to attempt to deal with large-scale and protracted price increases by drying up the economy. Yet, there has invariably been an acceptance of the fact that this is a consumer-oriented economy and that, ultimately, a recovery must be based upon making it possible for consumers to purchase goods, which encourages business to produce and to employ larger numbers of workers.

President Reagan and his advisers, however, view the economy in far different terms. They base their policy decisions on the concept that only the wealthy can bring about recovery and only if they are given incentives in the form of tax relief, writeoffs and other similar benefits. If this occurs, the argument goes, they will engage in productive investment which will reverse the downward course of the economy. Nearly 18 months of Reaganomics show the bankruptcy of this policy -- ever higher levels of unemployment, declining rates of investment, low capacity usage and high interest rates -- to mention a few characteristics of today's economy.

The Administration persists in its high interest rate policy, despite many signs that the economy has been more than squeezed dry and without any apparent concern for the suffering it causes. It insists that it be given a blank check to follow any policy it wishes. The business cycle, which functioned independently of government economic policies, is increasingly negated by the Administration's prescriptions.

The resultant decline in business activity and employment lead to further increases in budget deficits by decreasing government income, including social security. The drop in business results in reduction in outlays for plant and equipment. New investment, allegedly encouraged by tax relief to the wealthy, is not -- and cannot be -- possible under such circumstances. At the same time, such basic industries as housing and automobile production, which depend upon the ability of consumers to purchase and which provide directly and indirectly for about one-third of all jobs in the nation, have been stagnant for some time at historic lows.

Under customary government policy, the relative decline in the rate of price increases of the last nine months would have led to a relaxation of interest rates and a decrease in unemployment and to increased business activity and government income, rather than higher deficits. The rapid rate of inventory liquidation that has taken place would have led to a rebuilding of stocks, creating employment and the basis for an economic pickup. Recovery, in turn, would have brought an expansion of demand and increases in credit extension for mortgages, installment purchases, capital investment and so on.

Instead, interest rates, which clearly do not reflect the low levels of business activity, may, at best, decline slightly in the next few months as a result of the July 1 tax cut and the social security COLA adjustment, only to rise once again as the massive deficit affects the money markets. The nation is also threatened with a financial crisis, initially primarily in savings banks and savings and loan associations, whose mortgage loan portfolios are tied for many years to come to relatively low interest rates.

The current recession is now in its third year, although in a strict definitional sense there was an unsustained recovery in the 12 months ending June 1981. Since the end of World War II, that is for the last 37 years, recoveries generally have averaged four years and recessions about one year. Industrial production has always declined in a recession, but in no postwar recession has it remained so low for so long as it has now.

The key to the intensification of the nation's economic ills is not hard to find. At issue is an ideological approach by government to reward the wealthy regardless of cost, both short and long term, to the nation. This view is not novel in a theoretical sense, but it has been carried to a perilous extreme by the Reagan Administration.

Essential to the Administration's ideology has been its effort to undo the federal government's commitment to social responsibilities assumed in varying degrees by both political parties over the past 50 years. The Administration has completely eliminated some of these obligations while attempting to slough off others on the financially troubled states and cities in the name of the New Federalism. And, to obscure what it is doing to the country, substantial budget cuts directed at the nation's data base are making it difficult to analyze what is happening. All this -- and much more -- is being done in the name of increasing freedom of choice.

So far, sales of women's and children's wear at retail have escaped the real decline that took place in the recession in late 1974 and early 1975. Whether this performance can be kept up depends largely on the behavior of the overall economy, which remains an uncertain factor. Stores are moving exceedingly cautiously in their fall purchases. Many are holding back commitments, reserving liquidity to acquire promotional items that may appear, and protecting themselves from carrying heavier inventories at today's high interest costs. Where stores are placing orders, they

are asking for later delivery dates to bring merchandise to the selling floor closer to consumer need. Orders from marginal suppliers are being eliminated and selections are being trimmed back. Increasingly, hesitant ordering is affecting better lines, once relatively immune to inflation and economic stagnation.

On the fashion front, the industry's designers continue to provide innovative garments to whet consumer appetites. There is a trend this fall towards slimmer, less complicated clothes and a move away from the layered look. There is also a trend towards greater formality in dressing. More attention was paid to coats and dresses in the fall showings. However, coats are large-ticket items, the purchase of which is readily deferred. Given last year's heavy promotions, stores are approaching the fall coat ordering season with caution. Manufacturers have responded by offering a myriad of heavy coat alternatives.

Along with the dressier look, there is a continued shift away from jeans dressing and towards knickers, culottes and pants with a variety of shapes and bottom treatments. Sportswear, in general, continues to dominate the fashion scene.

The major question remains how the upcoming season will affect garment producers and their workers. Few positive developments immediately ahead can be anticipated. Manufacturers will continue to be reluctant to stock either fabrics or finished garments in order to be able to take care of any late retailer demand. Because of the smaller number of firms operating, those that remain may have an opportunity to pick up additional sales. This will be the case with firms that come up with imaginative styling and an ability to meet rush orders. In general, however, there is little prospect for any serious gains until the economy reverses itself.

Imports continue to pose a threat. No one knows whether the decline that took place this April will continue and, if so, for how long. At a time when apparel consumption is flattening out, any resumed import growth could have a severe impact on the already ailing domestic industry. Every effort must be made to insure that domestic firms and their workers be given an opportunity to continue to work and to produce.

APPENDIX

UNIT PRODUCTION AND NET VALUE OF SHIPMENTS, WOMEN'S AND CHILDREN'S GARMENTS

UNIT PRODUCTION (millions of garments)

PRODUCT	1966	1972	1973	1974	1975	1976	1977	1978	1979	1980
WOMEN'S AND MISSES' GARMENTS										
Coats	27.7	25.2	24.6	22.4	23.2	22.2	20.1	20.1	19.6	17.8
Suits, other than pantsuits	11.6	6.7	7.4	7.5	8.8	11.0	11.4	10.1	9.2	8.5
Pantsuits	--	17.9	17.6	20.6	23.7	21.4	20.8	18.2	12.8	7.5
Jackets	13.3	20.5	27.0	29.0	23.4	26.9	28.1	23.6	26.1	30.1
Dresses	321.3	289.4	275.5	236.9	222.7	213.5	228.3	224.3	216.9	212.1
Blouses and waists	223.3	215.3	236.5	245.2	277.8	296.2	335.6	347.0	373.0	362.1
Knit sport shirts (a)	49.2	86.3	85.0	99.7	107.7	117.9	151.6	147.1	143.4	141.8
Sweaters	99.5	79.7	87.5	80.5	85.3	81.0	81.0	72.9	60.4	54.5
Skirts	131.1	66.2	64.7	57.9	63.7	64.9	68.8	73.5	70.7	74.0
Slacks	93.2	139.8	154.3	164.5	169.8	169.9	155.2	151.6	158.8	163.3
Dungarees and jeans	17.7	65.8	70.8	74.0	70.6	76.5	72.7	54.7	69.1	73.2
Playgarments (b)	49.3	33.5	33.0	29.8	30.6	29.4	29.7	30.0	33.8	34.8
Bathing suits	21.8	24.1	21.0	21.1	23.0	25.4	27.7	29.9	32.3	30.7
Raincoats	13.6	10.9	10.2	8.9	9.0	9.3	7.5	6.8	7.2	7.4
Washable service apparel	60.9	30.7	27.9	31.7	28.5	28.8	38.9	38.4	38.4	35.4
Corsets	96.2	66.2	58.7	52.4	53.3	51.8	53.1	49.2	47.5	45.2
Brassieres	250.5	236.7	232.0	201.9	187.5	207.1	209.6	206.5	216.1	224.0
Slips and petticoats	150.7	104.8	93.7	88.0	70.3	80.0	80.3	82.6	84.5	79.4
Panties	393.4	419.2	469.5	438.5	504.1	519.8	478.9	442.2	420.1	448.7
Nightgowns and pajamas	136.7	182.7	177.8	171.9	160.3	161.7	172.3	177.8	161.7	160.2
GIRLS', CHILDREN'S AND INFANTS GARMENTS										
Coats	11.9	8.7	8.2	8.3	7.3	6.9	5.6	4.6	4.7	4.2
Jackets	7.0	6.0	7.1	7.6	7.9	7.6	7.4	6.5	6.2	6.0
Dresses	120.6	106.5	99.4	88.7	79.8	74.8	74.5	72.2	72.3	72.8
Blouses and waists	35.4	36.3	33.9	33.9	38.9	44.8	46.2	52.6	49.5	48.3
Knit sport shirts (a)	98.9	107.7	123.8	123.2	131.7	145.3	143.0	141.7	136.6	136.0
Sweaters	35.5	18.3	19.1	20.0	16.9	13.4	18.8	13.9	11.8	12.4
Skirts	17.5	8.5	9.4	7.4	6.6	7.3	5.9	5.0	7.9	7.6
Slacks and shorts	80.9	77.9	80.2	81.1	75.1	70.5	64.2	61.9	66.1	71.2
Dungarees and jeans	23.6	27.0	24.8	26.0	27.6	32.6	36.7	35.0	34.0	37.6
Playgarments (b)	166.8	120.2	121.9	118.5	108.2	110.5	109.4	131.0	124.0	122.7
Bathing suits	18.3	11.9	10.7	11.4	9.6	10.4	10.7	11.2	10.8	10.0
Raincoats	2.8	1.4	1.2	1.1	0.7	0.5	0.5	0.6	0.5	0.6
Slips and petticoats	30.5	14.1	10.7	7.6	7.8	6.2	5.5	5.8	6.7	6.7
Panties	192.0	222.1	190.2	179.7	181.0	194.9	169.2	172.2	176.2	175.7
Nightgowns and pajamas	97.6	107.3	102.0	105.5	96.9	88.8	96.2	99.7	91.7	93.9

VALUE OF SHIPMENTS (millions of dollars)

PRODUCT	1966	1972	1973	1974	1975	1976	1977	1978	1979	1980
TOTAL	$ 8,656	$10,914	$11,770	$12,057	$12,719	$13,484	$14,688	$15,912	$16,790	$17,680
WOMEN'S OUTERWEAR										
Coats	672	611	610	663	631	645	630	682	759	707
Suits, other than pantsuits	246	169	178	194	226	249	338	320	297	298
Pantsuits	--	272	300	315	316	314	350	316	205	165
Jackets	73	168	241	301	245	300	342	357	451	564
Dresses	2,279	2,737	2,806	2,528	2,647	2,667	2,764	3,248	3,224	3,212
Blouses and waists	515	801	977	1,123	1,320	1,420	1,644	1,866	2,090	2,150
Knit sport shirts (a)	207	304	321	385	434	479	614	615	614	664
Sweaters	352	336	390	385	428	450	481	469	391	357
Skirts	435	303	328	300	372	399	435	554	610	693
Slacks	247	608	781	838	954	999	1,021	1,168	1,228	1,336
Dungarees and jeans	26	245	300	355	377	430	440	338	502	597
Playgarments (b)	142	117	128	107	95	94	105	105	151	168
Bathing suits	94	165	142	158	170	188	215	240	276	278
Raincoats	123	155	160	162	151	163	165	172	200	212
Washable service apparel	123	112	113	137	137	143	185	203	203	202
Other outerwear	350	491	516	548	569	584	773	849	890	922
CHILDREN'S OUTERWEAR										
Coats	75	95	88	95	82	78	63	51	55	54
Jackets	21	29	35	38	41	41	46	39	36	41
Dresses	320	354	373	346	343	337	350	353	392	432
Blouses and waists	50	67	68	78	92	105	123	149	153	164
Knit sport shirts (a)	84	142	170	190	207	246	258	284	309	363
Sweaters	70	48	52	55	49	48	65	53	55	60
Skirts	47	25	32	25	26	32	30	41	43	43
Slacks and playgarments (b)	247	372	407	449	449	476	471	521	548	648
Dungarees and jeans	33	52	62	69	88	102	126	125	136	162
Bathing suits	44	30	28	32	28	31	37	40	43	41
Raincoats	10	9	8	8	6	5	4	5	6	8
Other outerwear	140	186	197	215	221	243	245	258	276	313
INTIMATE APPAREL										
Corsets and brassieres	654	697	694	636	633	702	743	749	786	843
Undergarments	575	521	536	533	584	652	675	723	800	862
Nightwear	449	687	729	799	735	862	952	998	1,061	1,121

(a) Includes sweatshirts
(b) Includes playsuits, shorts, pedal pushers, and other playgarments

SOURCE: U.S. Bureau of the Census data benchmarked to the 1972 Census of Manufactures